



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Notice of Intent to Adopt Regulations

In accordance with section 4-168(a) of the Connecticut General Statutes, notice is hereby given that the Insurance Commissioner, pursuant to the authority of sections 38a-8(c), 38a-78, and 38a-439 of the Connecticut General Statutes, proposes to adopt a regulation to recognize the 2001 Commissioners Standard Ordinary (CSO) Mortality Table for use in Connecticut by life insurers.

#### 2001 CSO Mortality Table

Section 1. The Regulations of Connecticut State Agencies are amended by adding sections 38a-78-26 to 38a-78-31

#### (NEW) Section 38a-78-26. Purpose

The purpose of sections 38a-78-26 to 38a-78-31, inclusive, of the Regulations of Connecticut State Agencies is to recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table for use in determining minimum reserve liabilities in accordance with the Standard Valuation Law, subsection (d) of section 38a-78 of the Connecticut General Statutes.

#### (NEW) Section 38a-78-27. Definitions

As used in sections 38a-78-26 to 38a-78-31, inclusive, of the Regulations of Connecticut State Agencies:

- (a) "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, proposed to the NAIC's Life and Health Actuarial Task Force at its June 2002 meeting and adopted by the NAIC in December 2002. The 2001 CSO Mortality Table is included in the Proceedings of the NAIC (2nd Quarter 2002). Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables.
- (b) "2001 CSO Mortality Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.

- (c) "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.
- (d) "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.
- (e) "Smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

**(NEW) Section 38a-78-28. 2001 CSO Mortality Table**

- (a) At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in this regulation, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after January 1, 2004 and before the date specified in subsection (b) to which subsection (d) of section 38a-78 of the Standard Valuation Law and subsection (e)(8)(C)(vi) of section 38a-439 of the Standard Nonforfeiture Law are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes. With respect to domestic life insurers only, written notice of election to comply with the provisions of this subsection on or after a specified date shall be filed with the commissioner.
- (b) Subject to the conditions stated in Section 38a-78-29 of the Regulations of Connecticut State Agencies, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009 to which subsection (d) of section 38a-78 of the Standard Valuation Law and subsection (e)(8)(C)(vi) of section 38a-439 of the Standard Nonforfeiture Law are applicable.

**(NEW) Section 38a-78-29. Conditions**

- (a) For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use:
  - (1) Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;
  - (2) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by subsection (j) of section 38a-78 of the Standard Valuation Law and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or
  - (3) Smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

- (b) For plans of insurance without separate rates for smokers and nonsmokers the composite mortality tables shall be used.
- (c) For the purpose of determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits, the 2001 CSO Mortality Table may, at the option of the company for each plan of insurance, be used in its ultimate or select and ultimate form.
- (d) When the 2001 CSO Mortality Table is the minimum reserve standard for any plan for a company, the actuarial opinion in the annual statement filed with the commissioner shall be based on an asset adequacy analysis as specified in subsection 5(a) of section 38a-78 of the Connecticut Insurance Regulations.

**(NEW) Section 38a-78-30. Separability**

If any provision of sections 38a-78-26 to 38a-78-31, inclusive, of the Regulations of Connecticut State Agencies or its application to any person or circumstance is for any reason held to be invalid, the remainder of said sections and the application of the provision to other persons or circumstances shall not be affected.

**(NEW) Section 38a-78-31. Effective Date**

The effective date of this regulation is [insert date].

Sec. 2. The Regulations of Connecticut State Agencies are amended by adding sections 38a-439-10 to 38a-439-16, inclusive, as follows:

**(NEW) Section 38a-439-10. Purpose**

The purpose of sections 38a-439-10 to 38a-439-16, inclusive, of the Regulations of Connecticut State Agencies, is to recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table for use in determining minimum nonforfeiture benefits in accordance with the Standard Nonforfeiture Law, subsection (e)(8)(C)(vi) of section 38a-439 of the Connecticut General Statutes.

**(NEW) Section 38a-439-11. Definitions**

As used in sections 38a-439-10 to 38a-439-16, inclusive, of the Regulations of Connecticut State Agencies:

- (a) "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force,

proposed to the NAIC's Life and Health Actuarial Task Force at its June 2002 meeting and adopted by the NAIC in December 2002. The 2001 CSO Mortality Table is included in the Proceedings of the NAIC (2nd Quarter 2002). Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables.

- (b) "2001 CSO Mortality Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.
- (c) "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.
- (d) "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.
- (e) "Smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

**(NEW) Section 38a-439-12. 2001 CSO Mortality Table**

- (a) At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in section 38a-439-13 of the Regulations of Connecticut State Agencies, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after January 1, 2004 and before the date specified in subsection (b) to which subsection (d) of section 38a-78 of the Standard Valuation Law and subsection (e)(8)(C)(vi) of section 38a-439 of the Standard Nonforfeiture Law are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes. With respect to domestic life insurers only, written notice of election to comply with the provisions of this subsection on or after a specified date shall be filed with the commissioner.
- (b) Subject to the conditions stated in section 38a-439-13 of the Regulations of Connecticut State Agencies, the 2001 CSO Mortality Table shall be used in determining minimum standards for policies issued on and after January 1, 2009 to which subsection (d) of section 38a-78 of the Standard Valuation Law and subsection (e)(8)(C)(vi) of section 38a-439 of the Standard Nonforfeiture Law are applicable.

**(NEW) Section 38a-439-13. Conditions**

- (a) For each plan of insurance with separate rates for smokers and nonsmokers an insurer may use:

- (1) Composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;
  - (2) Smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by subsection (j) of section 38a-78 of the Standard Valuation Law and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits; or
  - (3) Smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.
- (b) For plans of insurance without separate rates for smokers and nonsmokers the composite mortality tables shall be used.
  - (c) For the purpose of determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits, the 2001 CSO Mortality Table may, at the option of the company for each plan of insurance, be used in its ultimate or select and ultimate form.

**(NEW) Section 38a-439-14. Gender-Blended Tables**

- (a) For any ordinary life insurance policy delivered or issued for delivery in this state on and after January 1, 2004 that utilizes the same premium rates and charges for male and female lives or is issued in circumstances where applicable law does not permit distinctions on the basis of gender, a mortality table that is a blend of the 2001 CSO Mortality Table (M) and the 2001 CSO Mortality Table (F) may, at the option of the company for each plan of insurance, be substituted for the 2001 CSO Mortality Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits. No change in minimum valuation standards is implied by this subsection.
- (b) The company may choose from among the blended tables developed by the American Academy of Actuaries CSO Task Force, proposed to the NAIC's Life and Health Actuarial Task Force at its June 2002 meeting and adopted by the NAIC in December 2002. The proposed blended tables are included as Appendix J-1 of the report of the CSO Task Force and are included in the Proceedings of the NAIC (2<sup>nd</sup> Quarter 2002).
- (c) It shall not, in and of itself, be a violation of subsection 38a-815 of the Connecticut General Statutes for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

**(NEW) Section 38a-439-15. Separability**

If any provision of sections 38a-439-10 to 38a-439-16, inclusive, of the Regulations of Connecticut State Agencies or its application to any person or circumstance is for any

reason held to be invalid, the remainder of said sections and the application of the provision to other persons or circumstances shall not be affected.

**(NEW) Section 38a-439-16. Effective Date**

The effective date of this regulation is [insert date].

**Statement of Purpose:** To recognize, permit and prescribe the use of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table for use in Connecticut as the minimum standard for calculating both statutory reserves and nonforfeiture benefits for life insurance policies.

All interested persons are invited to submit written data, views, or arguments in connection with the proposed action no later than December 10, 2004 to the State of Connecticut, Insurance Department, Attention: Jon Arsenault, Esq., P.O. Box 816, Hartford, CT 06142-0816.

  
Susan F. Cogswell  
Insurance Commissioner